



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB0384

Introduced 1/26/2007, by Rep. Mary E. Flowers

SYNOPSIS AS INTRODUCED:

5 ILCS 375/6.11
55 ILCS 5/5-1069.3
65 ILCS 5/10-4-2.3
105 ILCS 5/10-22.3f
215 ILCS 5/356z.9 new
215 ILCS 5/356z.10 new
215 ILCS 5/356z.11 new
215 ILCS 125/5-3 from Ch. 111 1/2, par. 1411.2
215 ILCS 165/10 from Ch. 32, par. 604
30 ILCS 805/8.31 new

Amends the State Employees Group Insurance Act of 1971, the Counties Code, the Illinois Municipal Code, the School Code, the Illinois Insurance Code, the Health Maintenance Organization Act, and the Voluntary Health Services Plans Act. Provides that an individual or group policy of accident and health insurance or managed care plan must provide coverage for intravenous feeding, prescription nutritional supplements, and physician prescribed or ordered pain medication. Amends the State Mandates Act to require implementation without reimbursement by the State.

LRB095 05271 KBJ 25349 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Section 6.11 as follows:

6 (5 ILCS 375/6.11)

7 Sec. 6.11. Required health benefits; Illinois Insurance
8 Code requirements. The program of health benefits shall provide
9 the post-mastectomy care benefits required to be covered by a
10 policy of accident and health insurance under Section 356t of
11 the Illinois Insurance Code. The program of health benefits
12 shall provide the coverage required under Sections 356u, 356w,
13 356x, 356z.2, 356z.4, ~~and~~ 356z.6, 356z.9, 356z.10, and 356z.11
14 of the Illinois Insurance Code. The program of health benefits
15 must comply with Section 155.37 of the Illinois Insurance Code.
16 (Source: P.A. 92-440, eff. 8-17-01; 92-764, eff. 1-1-03;
17 93-102, eff. 1-1-04; 93-853, eff. 1-1-05.)

18 Section 10. The Counties Code is amended by changing
19 Section 5-1069.3 as follows:

20 (55 ILCS 5/5-1069.3)

21 Sec. 5-1069.3. Required health benefits. If a county,

1 including a home rule county, is a self-insurer for purposes of
2 providing health insurance coverage for its employees, the
3 coverage shall include coverage for the post-mastectomy care
4 benefits required to be covered by a policy of accident and
5 health insurance under Section 356t and the coverage required
6 under Sections 356u, 356w, 356x, ~~and~~ 356z.6, 356z.9, 356z.10,
7 and 356z.11 of the Illinois Insurance Code. The requirement
8 that health benefits be covered as provided in this Section is
9 an exclusive power and function of the State and is a denial
10 and limitation under Article VII, Section 6, subsection (h) of
11 the Illinois Constitution. A home rule county to which this
12 Section applies must comply with every provision of this
13 Section.

14 (Source: P.A. 93-853, eff. 1-1-05.)

15 Section 15. The Illinois Municipal Code is amended by
16 changing Section 10-4-2.3 as follows:

17 (65 ILCS 5/10-4-2.3)

18 Sec. 10-4-2.3. Required health benefits. If a
19 municipality, including a home rule municipality, is a
20 self-insurer for purposes of providing health insurance
21 coverage for its employees, the coverage shall include coverage
22 for the post-mastectomy care benefits required to be covered by
23 a policy of accident and health insurance under Section 356t
24 and the coverage required under Sections 356u, 356w, 356x, ~~and~~

1 356z.6, 356z.9, 356z.10, and 356z.11 of the Illinois Insurance
2 Code. The requirement that health benefits be covered as
3 provided in this is an exclusive power and function of the
4 State and is a denial and limitation under Article VII, Section
5 6, subsection (h) of the Illinois Constitution. A home rule
6 municipality to which this Section applies must comply with
7 every provision of this Section.

8 (Source: P.A. 93-853, eff. 1-1-05.)

9 Section 20. The School Code is amended by changing Section
10 10-22.3f as follows:

11 (105 ILCS 5/10-22.3f)

12 Sec. 10-22.3f. Required health benefits. Insurance
13 protection and benefits for employees shall provide the
14 post-mastectomy care benefits required to be covered by a
15 policy of accident and health insurance under Section 356t and
16 the coverage required under Sections 356u, 356w, 356x, ~~and~~
17 356z.6, 356z.9, 356z.10, and 356z.11 of the Illinois Insurance
18 Code.

19 (Source: P.A. 93-853, eff. 1-1-05.)

20 Section 25. The Illinois Insurance Code is amended by
21 adding Sections 356z.9, 356z.10, and 356z.11 as follows:

22 (215 ILCS 5/356z.9 new)

1 Sec. 356z.9. Intravenous feeding. A group or individual
2 policy of accident and health insurance or managed care plan
3 amended, delivered, issued, or renewed after the effective date
4 of this amendatory Act of the 95th General Assembly must
5 provide coverage for intravenous feeding. The benefits under
6 this Section shall be at least as favorable as for other
7 coverages under the policy and may be subject to the same
8 dollar amount limits, deductibles, and co-insurance
9 requirements applicable generally to other coverages under the
10 policy.

11 (215 ILCS 5/356z.10 new)

12 Sec. 356z.10. Prescription nutritional supplements. A
13 group or individual policy of accident and health insurance or
14 managed care plan amended, delivered, issued, or renewed after
15 the effective date of this amendatory Act of the 95th General
16 Assembly that provides coverage for prescription drugs must
17 provide coverage for reimbursement for medically appropriate
18 prescription nutritional supplements when ordered by a
19 physician licensed to practice medicine in all its branches and
20 the insured suffers from a condition that prevents him or her
21 from taking sufficient oral nourishment to sustain life.

22 (215 ILCS 5/356z.11 new)

23 Sec. 356z.11. Pain medication coverage. A group or
24 individual policy of accident and health insurance or managed

1 care plan amended, delivered, issued, or renewed after the
2 effective date of this amendatory Act of the 95th General
3 Assembly that provides coverage for prescription drugs must
4 provide coverage for any pain medication prescribed or ordered
5 by the insured's treating physician licensed to practice
6 medicine in all its branches.

7 Section 30. The Health Maintenance Organization Act is
8 amended by changing Section 5-3 as follows:

9 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

10 Sec. 5-3. Insurance Code provisions.

11 (a) Health Maintenance Organizations shall be subject to
12 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
13 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
14 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
15 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,
16 356z.11, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c, 368d,
17 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2, 409, 412,
18 444, and 444.1, paragraph (c) of subsection (2) of Section 367,
19 and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV,
20 and XXVI of the Illinois Insurance Code.

21 (b) For purposes of the Illinois Insurance Code, except for
22 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
23 Maintenance Organizations in the following categories are
24 deemed to be "domestic companies":

1 (1) a corporation authorized under the Dental Service
2 Plan Act or the Voluntary Health Services Plans Act;

3 (2) a corporation organized under the laws of this
4 State; or

5 (3) a corporation organized under the laws of another
6 state, 30% or more of the enrollees of which are residents
7 of this State, except a corporation subject to
8 substantially the same requirements in its state of
9 organization as is a "domestic company" under Article VIII
10 1/2 of the Illinois Insurance Code.

11 (c) In considering the merger, consolidation, or other
12 acquisition of control of a Health Maintenance Organization
13 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

14 (1) the Director shall give primary consideration to
15 the continuation of benefits to enrollees and the financial
16 conditions of the acquired Health Maintenance Organization
17 after the merger, consolidation, or other acquisition of
18 control takes effect;

19 (2) (i) the criteria specified in subsection (1)(b) of
20 Section 131.8 of the Illinois Insurance Code shall not
21 apply and (ii) the Director, in making his determination
22 with respect to the merger, consolidation, or other
23 acquisition of control, need not take into account the
24 effect on competition of the merger, consolidation, or
25 other acquisition of control;

26 (3) the Director shall have the power to require the

1 following information:

2 (A) certification by an independent actuary of the
3 adequacy of the reserves of the Health Maintenance
4 Organization sought to be acquired;

5 (B) pro forma financial statements reflecting the
6 combined balance sheets of the acquiring company and
7 the Health Maintenance Organization sought to be
8 acquired as of the end of the preceding year and as of
9 a date 90 days prior to the acquisition, as well as pro
10 forma financial statements reflecting projected
11 combined operation for a period of 2 years;

12 (C) a pro forma business plan detailing an
13 acquiring party's plans with respect to the operation
14 of the Health Maintenance Organization sought to be
15 acquired for a period of not less than 3 years; and

16 (D) such other information as the Director shall
17 require.

18 (d) The provisions of Article VIII 1/2 of the Illinois
19 Insurance Code and this Section 5-3 shall apply to the sale by
20 any health maintenance organization of greater than 10% of its
21 enrollee population (including without limitation the health
22 maintenance organization's right, title, and interest in and to
23 its health care certificates).

24 (e) In considering any management contract or service
25 agreement subject to Section 141.1 of the Illinois Insurance
26 Code, the Director (i) shall, in addition to the criteria

1 specified in Section 141.2 of the Illinois Insurance Code, take
2 into account the effect of the management contract or service
3 agreement on the continuation of benefits to enrollees and the
4 financial condition of the health maintenance organization to
5 be managed or serviced, and (ii) need not take into account the
6 effect of the management contract or service agreement on
7 competition.

8 (f) Except for small employer groups as defined in the
9 Small Employer Rating, Renewability and Portability Health
10 Insurance Act and except for medicare supplement policies as
11 defined in Section 363 of the Illinois Insurance Code, a Health
12 Maintenance Organization may by contract agree with a group or
13 other enrollment unit to effect refunds or charge additional
14 premiums under the following terms and conditions:

15 (i) the amount of, and other terms and conditions with
16 respect to, the refund or additional premium are set forth
17 in the group or enrollment unit contract agreed in advance
18 of the period for which a refund is to be paid or
19 additional premium is to be charged (which period shall not
20 be less than one year); and

21 (ii) the amount of the refund or additional premium
22 shall not exceed 20% of the Health Maintenance
23 Organization's profitable or unprofitable experience with
24 respect to the group or other enrollment unit for the
25 period (and, for purposes of a refund or additional
26 premium, the profitable or unprofitable experience shall

1 be calculated taking into account a pro rata share of the
2 Health Maintenance Organization's administrative and
3 marketing expenses, but shall not include any refund to be
4 made or additional premium to be paid pursuant to this
5 subsection (f)). The Health Maintenance Organization and
6 the group or enrollment unit may agree that the profitable
7 or unprofitable experience may be calculated taking into
8 account the refund period and the immediately preceding 2
9 plan years.

10 The Health Maintenance Organization shall include a
11 statement in the evidence of coverage issued to each enrollee
12 describing the possibility of a refund or additional premium,
13 and upon request of any group or enrollment unit, provide to
14 the group or enrollment unit a description of the method used
15 to calculate (1) the Health Maintenance Organization's
16 profitable experience with respect to the group or enrollment
17 unit and the resulting refund to the group or enrollment unit
18 or (2) the Health Maintenance Organization's unprofitable
19 experience with respect to the group or enrollment unit and the
20 resulting additional premium to be paid by the group or
21 enrollment unit.

22 In no event shall the Illinois Health Maintenance
23 Organization Guaranty Association be liable to pay any
24 contractual obligation of an insolvent organization to pay any
25 refund authorized under this Section.

26 (Source: P.A. 93-102, eff. 1-1-04; 93-261, eff. 1-1-04; 93-477,

1 eff. 8-8-03; 93-529, eff. 8-14-03; 93-853, eff. 1-1-05;
2 93-1000, eff. 1-1-05; 94-906, eff. 1-1-07; 94-1076, eff.
3 12-29-06; revised 1-5-07.)

4 Section 35. The Voluntary Health Services Plans Act is
5 amended by changing Section 10 as follows:

6 (215 ILCS 165/10) (from Ch. 32, par. 604)

7 Sec. 10. Application of Insurance Code provisions. Health
8 services plan corporations and all persons interested therein
9 or dealing therewith shall be subject to the provisions of
10 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
11 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
12 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9,
13 356z.10, 356z.11, 364.01, 367.2, 368a, 401, 401.1, 402, 403,
14 403A, 408, 408.2, and 412, and paragraphs (7) and (15) of
15 Section 367 of the Illinois Insurance Code.

16 (Source: P.A. 93-102, eff. 1-1-04; 93-529, eff. 8-14-03;
17 93-853, eff. 1-1-05; 93-1000, eff. 1-1-05; 94-1076, eff.
18 12-29-06.)

19 Section 90. The State Mandates Act is amended by adding
20 Section 8.31 as follows:

21 (30 ILCS 805/8.31 new)

22 Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8

1 of this Act, no reimbursement by the State is required for the
2 implementation of any mandate created by this amendatory Act of
3 the 95th General Assembly.